Re: NPR story on school funding

Facey, Tom (Sen)

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To:McCracken, Pad <PadMcCracken@mt.gov>; Aidan Myhre <aidanmyhre@gmail.com>; Dave Lewis <davelewisd@aol.com>; djjones44@gmail.com <djjones44@gmail.com>; Edie McClafferty <EdieMcClafferty@gmail.com>; Elsie Arntzen (emarntzen@gmail.com) <emarntzen@gmail.com>; Essmann, Jeff (Rep) <JEssmann@mt.gov>; Kelker, Kathy (Rep) <Rep.Kathy.Kelker@mt.gov>; Kristin Hansen <krishansen33@gmail.com>; Lamm, Debra (Rep) <Rep.Debra.Lamm@mt.gov>; Lea Whitford <lea.whitford@gmail.com>; Mary Moe (moe.mt.senate@gmail.com) <moe.mt.senate@gmail.com>; mattrosendale@midrivers.com <mattrosendale@midrivers.com>; Patricia Hubbard <hubbardp@billingsschools.org>; Renee Rasmussen <rrasmussen@bainvilleschool.k12.mt.us>; Susan Webber <nitzitap@3rivers.net>; facey_tom@hotmail.com <facey_tom@hotmail.com>;

Cc:Sankey, Laura <LSankey@mt.gov>; Miller, Robert <RobertMiller@mt.gov>; Grover, Katya <KGrover@mt.gov>;

Fellow Commissioners,

Below is a summary of a conversation Pad and I had in mid-April about funding for capital projects.

I wanted to share with you before our meeting next week. In part to give each of you to mill the idea over and see what improvements you may see a need for. I am not assuming that any of you will find anything in the rough outline positive and the idea may not move forward.

At the end of our last meeting I heard/understood that there was not support for adding a component to the formula for capital construction.

I heard from the education community that they wanted something that was predictable (be able to use or count on year after year) and consistent (these two terms may be the same).

I heard from Kirk Miller from the School Administrators that adequacy needed to be addressed.

So what I envision is a program where Districts get credit or availability to a specific amount of money per year. The amount of money they would "get" would be determined by something already existing, so much per student, per square foot, per teacher, per "unit" (from SB 175). The total cost of the program per year would be approximately $10,000,000 per year.

Each District would be able to use the money for repairs, construction, technology improvements, pay off bonds, pay building reserves.

Each District could "save" it's credit for an unlimited of time. Allowing the amount of credit available to the District to grow.

To get a local buy in, local support, if the amount each District got was $15,000 per building (for discussion purposes only), a District would only have access to the entire $15,000 if they were at the 95% of the Base level of funding. So if a District was at the 85% of Base level that District would have access to only $12,750 of credit. But it is possible to have other sources of money be the local support, such as oil and gas revenue or impact aid.

School Funding Interim Commission
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Exhibit 18

The amount of money per year would not go into a District's budget, but the District would have access to a specific amount of money to pay bills for costs related to the above mentions purposes. The District would present "bills" to an agency TBD (To Be Determined) and the agency would pay the bill. The bill would not have to be for the entire amount of "credit".

If you look at Pad's comments, the first three bullet points refer to where the money would come from. After thinking about it I think the best way would be bullet #3, capturing the money before it goes into the general fund. The last 2 bullet points were related to how to get some local commitment to projects.

Again, this is just an idea but I thought it may be helpful to mull it through before we got together.

Tom F.

Senator,

I talked to Sam and Nick in fiscal about that idea. If you have time Thursday, maybe we can talk to them more. Here are some notes I jotted down after our talk:

- Carve out about $250 million of one of the big trusts (coal or common schools) in a new subfund to generate $10 million/year
- Using common schools would not hurt other programs like TSEP, Big Sky water, EcoDevo. It will be state GF hit unless TSEP etc are "hurt"
- Alternatively, if common schools trust was used, you could just direct the first $10 million of guarantee account to the "credit account"—just a GF hit
- Portions of this $10 million are "credited" to each district based on QE or square footage or TBD
- Districts can apply for this grant funding for specific, prioritized purposes (DM, roofs, boilers)
- Granting entity TBD can require local match based on local tax wealth and effort, % of GF max budget, reserves, etc (voted or permissive building reserve levy?)
- Or this determination could be made based on local mills compared to state median (like SB 416 "local match ratio" last session)
- Districts can accumulate their credits over years or access sooner for eligible projects or use it to repay INTERCAP loans (tweak INTERCAP)